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Author Sunjeja, L.R.

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ANSWERS TO QUESTIONS

SET AT

The Indian Institute

OF

Bankers' Examinations

SUPPLEMENTARY

PART I

1941

BY

L. R. Suñeja,

B.A. (Hons.)

**G.D.A. (Hons.), Cert. A.I.I.B. (With Distinction),
Cert. A.I.B. (London), F.R. Econ. S. (London).**

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PRACTICE AND LAW OF BANKING.

SECTION I.

Question 1.—A stranger presents at the branch upon which it is drawn an open cheque payable to A. B. Fernandes for payment. The Cashier points out that the cheque is not endorsed. Thereupon the stranger endorses the cheque.

Per Pro.

A. B. Fernandes,

W. Smith.

Does the Banker incur any liability by cashing the cheque without asking for production of Smith's authority, to endorse on Fernandes' behalf? Give reasons for your answer.

Answer.—In an English case "Chales Vs. Blackwell" (Legal Decisions, Volume 1, page 3) it was decided that a banker paying a cheque drawn to order and endorsed "Per Pro" is not liable, although it should afterwards prove that the agent who endorsed the cheque had not his principal's authority for so doing. In view of this decision it is considered that the banker is fully protected in paying cheques endorsed "Per Pro" without raising any question as to the agent's authority; and it is the practice of bankers in London to pay cash across the counter for such cheques, although they have the right, for protection of their customers, of requiring a verification of the authority to sign "Per Pro" should they think it desirable to do so. Reliance for protection is placed on Section 60 of the Bills of Exchange Act which runs as follows:—

When a bill payable to order on demand is drawn on a banker and the banker on whom it is drawn pays the bill in good faith and in the ordinary course of business, it is not incumbent on the banker to show that the indorsement of the payee or any subsequent indorsement was made by or under the authority of the person whose indorsement it purports to be and the banker is deemed to have paid the bill in due course, although such indorsement has been forged or made without authority.

Section 85 of the Indian Negotiable Instrument Act

corresponds to the above Section in English Law. It reads :

" Where a cheque purports to be endorsed by or on behalf of the payee the banker is discharged by payment in due course."

It is clear that it is not incumbent on the banker to enquire into the authority of the person discharging the cheque on behalf of his principal and if the banker consulted his own interest he would, relying upon the authority of the above section, pay all cheques endorsed " Per Pro " without question. But although he is exonerated from liability if he pays such cheques he is not deprived of the right, if he chooses to exercise it in the interest of the customer, of satisfying himself with regard to the Agents authority if he pays the cheque. In India it is the practice amongst bankers to call for authority of the agent especially when he presents the cheque on the bank's counter to receive payment by giving a discharge " Per Pro." The paying banker in India would refuse to pay the cheque drawn dayable to A. B. Fernandes and endorsed by W. Smith on behalf of the payee unless Smith satisfies the banker of the authority to sign Per Pro for Fernandes.

Note.—It is presumed that the cheque is drawn payable to the order of A. B. Fernandes. If it were a bearer cheque the question of authority will not arise for the cheque is payable to the bearer.

Question 2.—A customer wishes to pay into his own account a crossed cheque for Rs. 100 payable to an insurance company. He explains that as an Agent of the company he has received the cheque in payment of a premium. The Bank refuses to accept the cheque and informs the customer that the proper course is to send the cheque to the company. This the customer declines to do. He claims that he is entitled to the use of the money until the insurance company require him to pay his account.

.. *

The customer takes the cheque to the insurance company and gets it endorsed for and on behalf of the company. He now claims that the cheque is a Bearer cheque but the Bank still declines to accept it for credit of his account.

(1) Was the Bank entitled to refuse to accept the cheque in the first place ?

(2) Was the Bank correct in declining to accept it in the second instance ?

Give reasons for your answers.

Answer.—It has been maintained in several cases that if an employee places a cheque payable to his private account, or if an official of a company likewise deals with a cheque payable to a company, or if an agent similarly uses a cheque payable to his principal a bank will get no protection under Section 131 of the Indian Negotiable Insurance Act if the employee, the official or the Agent has in fact misappropriated the cheque and the bank would or should have known of the fiduciary capacity in which its customer stood.

In both cases under the circumstances set forth the bank acted rightly in refusing to collect for the private account of the agent the cheque payable to his principal. It is now the acknowledged practice of banks to make enquiries in every case where a cheque payable to a company was handed in for collection by a private customer. Since the banks have made such an enquiry a matter of every day routine it is considered that if such a cheque were accepted for a private account without a satisfactory explanation and afterwards found to have been converted by the customer the bank could not rely upon Section 131 for protection. The agent of an Insurance Company has no authority to collect premium on behalf of his principal and all cheques received by him payable to his company should be passed on to the company and not collected by him for his private account.

An Insurance Company has to maintain a Banking account and there appears no reason why the cheque should not pass through the Company's account. The banks would lose the protection afforded by Section 131 of the Indian Negotiable Instrument Act if it in disregard of the banking practice collected the cheque for the Agent's account.

(b) In the second case also the Bank was justified in refusing to accept the cheque for the credit of the Agent's account because the endorsement on the cheque on behalf of the company did not alter the position. A Bank is put on enquiry where a cheque payable to a limited company and duly endorsed by it is tendered for the credit of another account either of an individual or a company. In an

English case it was held in a lower court that a company's cheque could be placed to the credit of a third party without risk in the absence of circumstances that would indicate fraud for if it were not the case the cheque negotiated by a company to whom it was made payable could be safely collected without elaborate preliminary enquiries. But this decision was reversed on appeal and it is unsafe to rely on this decision.

Thus there appears to be no reason for drawing any distinction and the only prudent course is for bankers to refuse to accept without enquiry or special instructions cheques made payable to companies for accounts other than those of the payee. The fact of the cheque meant for a principal being credited to the account of its Agent may well lead to the Bank being held guilty of conversion, and would in all probability not release the Bank from a charge of negligence. Besides it would not be possible for the Bank to know the genuineness of the endorsement, and the circumstances in which and on what representation it was obtained.

Question 3.—A bank whose ~~from~~ of guarantee secures advances made by the Bank to the debtor on any account, the guarantee covering all moneys and being limited only to the amount stated in the guarantee, has made advances to a customer on two separate accounts.

No. 1 a/c guaranteed by A.

No. 2 a/c guaranteed by B.

In the event of A's decease should both accounts be stopped on the ground that under the rule in Clayton's case if operations on the No. 2 account continue, payments in will go to discharge A's liability.

Give reasons for your answer.

Answer.—The Rule in Clayton's case is of considerable importance in connection with guaranteed Accounts especially where the guarantee provides for the covering of the general balance of a customer's account. In the absence of express agreement the Rule will operate in the surety's favour and to the prejudice of the creditor on the happening of any event as, for example, the surety's death, which alters the contractual status and relationship of the parties. The principle laid down is that where a guarantee covers balance on any account, the balance which is guaranteed

by the surety is general balance of a customer's account and with a view to ascertain that balance all accounts existing at the time the guarantee comes to an end must be taken into consideration. Unless the banker, therefore, considers each guarantor safe for the amount guaranteed by him, he should safeguard himself on the death of one of the sureties by at once stopping the relative accounts and claiming the balance. He may have a fresh guarantee from B and open a new account through which all subsequent transactions may be passed.

Question 4.—A hands B his cheque payable to B's order. B loses it. The finder forges B's endorsement and cashes the cheque at A's bank. On whom will the loss fall and what sections of the Indian Negotiable Instrument Act govern the question?

Answer.—A's bank is protected by the Negotiable Instrument Act 1881 if it pays the cheques in good faith and in the ordinary course of business. This section provides:—

"Where a cheque payable to order purports to be endorsed by or on behalf of the payee the drawee is discharged by payment in due course."

By this section the bankers are placed in a privileged position as regards the payment of cheques. The section lays down that if a cheque payable to order purports to be endorsed by or on behalf of the payee and the banker on whom it is drawn pays it in due course the banker is discharged and he can debit his customer with the amount so paid though the indorsement of the payee might turn out to be a forgery or though the endorsement might have been placed on the cheque by the payee's agent without authority. The purpose of the section is to make the banks free from liability in respect of either the genuineness or the validity of the endorsement purporting to be that of the payee or his authorised agent.

As B has received and lost the cheque the loss will fall upon him unless he can find out the finder of the cheque and recover the amount from him.

Question 5.—An open cheque is presented for payment but before the money has passed from the Banker to the person presenting it, an order is received from the drawer stopping its payment. The holder is then informed that

the drawer has stopped payment but he insists on payment on the grounds that presentation was prior to the receipt of the "stop." What is the Banker's proper course, to pay, or to refuse to pay ?

Answer.—The drawer's right to stop payment of a cheque exists upto the last moment when payment may be made or refused by the banker. Thus, if the banker has a certain time within which he may decide whether to pay or return the cheque the drawer's right to countermand payment exists until the expiration of that period. If the banker has received the "stop" before parting with the money he should not pay the cheque.

SECTION II.

Question 1.—What is meant by a Clearing Bank ? What difficulties does a Bank experience if it is not included in the clearing ?

Answer.—A Bank which is the member of a Clearing House is called a clearing bank. Representatives of each clearing bank meet at the clearing house and exchange cheques drawn upon the members or other non-clearing banks for which they are agents.

In every large town there is a Clearing House and instead of each bank's representatives visiting the other bank offices the members of the Clearing House all meet at a centre—generally in the premises of the leading bank (Reserve or Imperial in India) and effect a mutual exchange of cheques and other documents representing money Transactions. In this way each bank instead of settling differences with say, five or six other banks, merely pays over or receives the net difference through the bank which manages the Clearing. The advantage is not enjoyed by a non-clearing bank. It must present all cheques drawn on other banks through its walk clerk and receive payment in cash or by transfer if the presenting bank happens to keep an account with the drawee bank. Cheques drawn by its own customers and received for collection by other banks will also be presented upon it by the receiving banks individually. Both methods are wasteful and laborious.

Question 2.—Distinguish between.

- (a) a mortgage, (b) a pledge, (c) a hypothecation,

Answer.—See answer to Question No. 6 Practice and Law of Banking 1936.

Question 3.—What is a "clean" loan? When is a clean loan a fairly safe proposition for a banker?

Answer.—Bankers advances are classed as clean and secured. Under the first, the banker has to rely on the personal liability of his customer and gets nothing tangible to fall back upon in case the borrower makes a default in repayment of the loan. On this ground bankers hesitate to incur clean risks to any great extent. It may be worth while to point out the dangers resulting from unsecured advances in the words of the late George Rae who puts his case in a practical form:—

"Let us suppose that you have advanced £1,000 for 3 months without security to a client believed at the time by every body, yourself included, to be man of substance and undoubted for the amount. Let us further suppose that this estimate of his means turns out to have been a delusion and that the man fails, and is made bankrupt and pays five shillings in the pound. Now your clear profit on the transactions, taking all things into account will not have much exceeded a £ 5 note. To secure this modest recompense of reward, you have risked £1,000 and actually lost £750. You will have to make 150 fresh advances of a thousand pounds each—that is to say, you will have to incur uncovered risks to the amount of £150,000 to redeem your loss."

The passage is self-explanatory and throws a flood of light. It may occasionally be impolitic to refuse temporary unsecured accommodation for an approved specific purpose to an approved customer of known means and standing but it should, withal, be well borne in mind that "it is not the man of large means who objects to give security; on the other hand, it will be found that he is usually desirous of providing it—but it is the man who has no security to offer." The very sagacious banking authority whose opinion we have quoted above has gone so far to declare that "The only rule which insures safety in every case is never to make any advance without security."

Obviously, it is in the interest of the banker to avoid clean advances except under special circumstances. The borrower must be a man of substantial means so that he is able to meet his commitments on their maturity. All other

principles of sound banking should have as much weight with the banker in regard to clean loans as with those allowed against tangible security.

Question 4.—Describe some of the important agency functions of a modern banker.

Answer.—See answer to Question No. 4 Practice and Law of Banking 1940.

Question 5.—“A person whose money has been accepted by the bank on the footing that they undertake to honour cheques up to the amount standing to his credit, is a customer of the bank . . . irrespective of whether his connection is of long or short standing.” Discuss.

Answer.—Who is a customer is a vexed question. The original and in the opinion of Sir John Paget the sounder view is that to constitute a customer there must be some recognisable course or habit of dealing in the nature of regular banking business ; that an isolated transaction or a series of transactions not commonly associated with banking is not sufficient. Sir John Paget is unable to reconcile the idea of a single transaction with that of a customer. In his opinion the word predicates even grammatically some minimum of custom to antithetic an isolated act. The fact that a person had been in the use of cashing cheques across the counter for some years cannot make him a customer. The word involves something of use or habit. This view prevailed for a long time. In a recent case, it has been, however, challenged and a customer has been defined as a person whose money has been accepted on the footing that the bankers undertake to honour cheques upto the amount standing to his credit irrespective of his connection being of short or long standing. The contrast is not between a habitual and a new comer but one for whom the bank performs casual service such as cashing a cheque for a person introduced by a customer and a person who has an account of his own at the bank. According to this decision the word “customer” signifies a relationship in which duration is not of the significance. One single transaction is sufficient to constitute a person a customer.

Evidently, there is a great diversity of opinion about the definition of the word “ customer ”. Sir John Paget is unable to reconcile his views with the above decision. To him it appears that one transaction is not sufficient to constitute a person a customer. He urges that the matter appears to be still open to further discussion and final decision and contends that decision would rule out both

the extreme views and place the matter midway between the two. It would probably reject the indispensability of a current account and also discard the theory of a single transaction, and establish some practical criterion based on course of dealing of reasonable duration definitely of the nature of ordinary banking business and to the mutual benefit of both parties.

But whatever views the eminent banking authorities like Sir Paget may hold it would doubtless be safer to rely on the legal decision, particularly, as it can be argued that as soon as the banker assumes the liabilities essential to the relationship of banker and customer he is entitled to the protection afforded in respect of such dealings.

Question 6.—Write short notes on :—

- (a) A non-scheduled Bank.
- (b) A Treasury Bill.
- (c) The proposed Bank Act.

Answer.—(a) The non-scheduled banks are those joint stock banks which have not been included in the second schedule to the Reserve Bank Act. They may broadly be divided into two classes, namely, those having paid-up capital and reserves over Rs. 50,000 and those with capital and reserves of less than that amount. This distinction is introduced to conform to the stipulation laid down in section 277 (1) of the Companies Act that no banking company incorporated after the Indian Companies (Amendment) Act, 1936, shall commence business unless shares have been allotted to an amount sufficient to yield a sum of at least Rs. 50,000 as working capital. The capital structure of the non-scheduled banks is generally poor as will be seen from the fact that out of about 604 non-scheduled bank operating in British India on the 31st December, 1940, and submitting cash reserve returns under section 277 (L) of the Indian Companies Act, as many as 347 had capital and reserves below Rs. 50,000. Out of the 257 banks having capital and reserves over Rs. 50,000, there were 132 with capital and reserves between Rs. 50,000 and 1 lakh 77 with capital and reserves between Rs. 1 and 2 lakhs and only 48 with capital and reserve between Rs. 2 and 5 lakhs. Of these 48 banks, 13 had capital and reserves over Rs. 4 lakhs.

(b) *Treasury Bills* —See answer to Question No. 1 (a) Practice and Law of Banking 1931.

(c) *The proposed Bank Act.*—The working of the Reserve Bank Act and the Indian Companies Act in the last three

years demonstrated the need of comprehensive legislation to control banking business and to promote its orderly development in this country. Sir James Taylor, therefore, submitted a scheme for the consideration of the Government of India the main provisions of which are :—

(1) The proposed legislation is to apply to all those institutions which accept deposits withdrawable by cheques.

(2) Every company engaged in such business shall have to include as part of the name of its business any of such words as "bank", "banker" or "banking". No such company shall employ individuals as managing agents or be managed by a company other than a banking company.

(3) For each branch which a bank opens in any of the three Presidency centres, namely, Madras, Bombay and Calcutta, the bank shall have a paid-up capital of Rs. 5 lakhs for each such centre. And for every branch that a bank opens in a centre where there are already two branches of other banks, the bank in question must have a paid-up capital of Rs. 50,000. The minimum paid-up capital of any bank is fixed at Rs. 50,000.

(4) Every bank should hold 30 per cent of its current time liabilities in the form of Government Securities.

(5) Liquidation must be made more promptly and liquidation proceedings simpler and speedier.

(6) Co-operative Banks will be excluded from the operation of the proposed legislation.

The scheme aims at a simpler and more restricted definition of banking and banking and banking companies than is contained in the Indian Companies Act (Section 277 (F.) and more particularly at remedying the existing anomaly under section 277 (G). of the Act under which institutions incorporated prior to January 15, 1937 may continue to call themselves banks and yet refuse to comply with the statutory provisions relating to banking companies. It also seeks to ensure that an institution calling itself a bank has sufficient capital and that banks with inadequate resources will not open branches in the large towns where branches of other banks already exist. It also contemplates certain moderate restrictions on bank investments in order to protect the depositors and attempts to provide for simple and quick liquidation proceedings so that in the event of a bank failure the depositors may be paid off with the minimum of delay and expense of litigation.

The proposed measure will undoubtedly go a long way in safeguarding the interest of the depositors and generally in putting on a surer footing.

BOOK-KEEPING AND ACCOUNTS.

Question 1.—A. Biren & Co. are indebted to C. Dorab & Co. to the extent of Rs. 8,000 on 1st January 1940. C. Dorab & Co. draw on A. Biren & Co. a Bill at three months which is duly accepted.

On 1st January, C. Dorab & Co. discount the Bill with a Bill Broker at 8 per cent. per annum. At maturity the Bill is dishonoured, the noting charges being Rs. 20.

A. Biren & Co. then remit cash to C. Dorab & Co. for Rs. 3,000 and give another Bill at two months for the balance, plus interest at the rate of 10 per cent. per annum.

Record these transactions in A. Biren & Co's Journal.

Answer. *A. Biren & Co's. Journal.*

	L. F. No.	Dr.	Cr.
1-1-40. C Dorab & Co. ... To Bills Payable ... for bill at 3 months accepted ...		8,000 0 0	8,000 0 0
4-4-40. Bills payable ... To C. Dorab & Co. for acceptance dis- honoured ...		8,000 0 0	8,000 0 0
Noting charges ... To Cash ... for noting the dishon- oured bill to C. Dorab & Co. ...		20 0 0	20 0 0
Interest ... To C. Dorab & Co. for interest at 10% p. a. on Rs. 5,000 for 2 months ...		33 5 4	33 5 4
4-4-40. C. Dorab & Co. ... To Bills payable for 2 months bill ac- cepted. C. Dorab & Co. ... To Cash ... for cash sent		2,088 5 4 ... 8,000 0 0 ... ---	2,088 5 4 2,088 5 4 8,000 0 0

Question 2.—J. Jamil and B. Basu are partners in a manufacturing business. They share profits and losses equally, and have agreed that 5 per cent. interest shall be credited upon their respective Capital from profits prior to division thereof. Plant Account is to be depreciated by 10 per cent. per annum and a Provision of 5 per cent. created for Bad and Doubtful Debts. On 31st December 1940, stock was valued at Rs. 40,000. You are required to prepare Trading Account, Profit and Loss Account and Balance Sheet and show the Partners' Capital Accounts in detail in the Balance Sheet.

Dr. Balances :—

	Rs.
Stock, 1st January 1940 ...	38,000
Purchases ...	1,28,500
Sundry Debtors ...	1,48,400
Trade Expenses ...	4,750
Office Expenses ...	950
Plant ...	10,500
Discounts ...	1,200
Salaries ...	4,730
Rent, Rates and Taxes ...	3,820
Buildings ...	52,500
Repairs ...	980
Wages ...	24,800
Jamil's Drawings (including interest) ...	8,320
Basu's Drawings (including interest) ...	5,000
Cash at Bank ...	9,450
Cash in Hand ...	100

Cr. Balances :—

	Rs.
Jamil's Capital, 1st January 1940 ...	80,000
Basu's Capital, 1st January 1940 ...	20,000
Reserve for Doubtful Debts ...	4,500
Sundry Creditors ...	1,09,500
Sales ...	2,28,000

Answer. *J. Jamil and B. Basu,*
Trading and Profit and Loss Account as on 31st
December, 1940.

	Rs.		Rs.
To Stock at start	38,000	By Sales	2,28,000
To purchases	1.28,500	By Stock at finish	40,000
To Wages	24,800	Total	<u>2,68,000</u>
To G. Profit c/d	76,700	By G. Profit b/d	76,700
Total	<u>2,68,000</u>		
To Trade Expense	4,750		
To Office Expenses	950		
To Discounts	1,200		
To Salaries	4,780		
To Rent, rates and taxes	8,820		
To Repairs	980		
To Depreciation on plant	1,050		
To Bad and Doubtful reserves	2,920		
To 5% on Rs. 1,48,400	7,420		
<i>Less—Last year's credit balance</i>	<u>4,500</u>		
To Interest—	Rs.		
J. Jamil	4,000		
B. Basu	1,000 ..	5,000	
To Net Profit—	Rs.		
<i>1/2 J. Jamil</i>	25,650		
<i>1/2 B. Basu</i>	<u>25,650</u>	51,300	
Total	... 76,700	Total	... 76,700

**Balance Sheet of J. Jamil and B. Basu as on
31st December 1940.**

Liabilities.	Rs.	Assets.	Rs.
Sundry Creditors	... 1,09,500	Building	... 52,500
Capital Acconnt—		Plant	... 10,500
Rs.		<i>Less—Depr.</i>	<u>1,050</u>
J. Jamil	... 80,000		9,450
Add—Interest	4,000		
Profit	... 25,650		
	<u>1,09,660</u>	Stock on hand	... 40,000
<i>Less—Drawings</i>	8,820	Sundry Deb- tors	... 1,48,400
	<u>1,01,330</u>	<i>Less—Reserve</i>	
	Rs.	for bad and doubtful debts	7,420
B. Basu	... 20,000		1,40,980
Add—Interst	1,000		
Profit	... 25,650		
	<u>46,650</u>	Cash at Bank	Rs. 9,450
<i>Less—Drawings</i>	5,000	Cash at Hand	100
	<u>41,650</u>		9,550
Total	... 2,52,480	Total	... 2,52,480

Question 3.—From the following particulars draw up the account of M. Master as it would appear in the Bank's Current Account Ledger on 31st December, 1940, interest to be charged at 2 per cent. on the daily balances :—

1940.	Deposits.	1940.	Withdrawals.
	Rs.		Rs.
July 1 ... Balance	4,120	July 12 ... Cheque	820
August 12 ... Cash	1,140	August 9 ... Cheque	480
September 24 Cash etc.	860	September 12 Cheque	720
October 18 ... Cash, etc.	1,140	October 23 ... Cheque	340
November 15 Cash	580	November 16 Cheque	1,700
December 25 Cash, etc.	2,400	December 21 Cheque	1,080

Answer. *M. Master's Current Account.*

Date.	Particulars.	Dr.	Cr.	Dr. or Cr.	Balance	Days	Product
1940		Rs.	Rs.		Rs.		Rs.
July 1	By Balance	...	4,120	Cr.	4,120	11	45,820
12	To Cheque	820	...	"	3,800	28	92,400
Aug. 9	Do.	480	...	"	2,820	3	8,460
12	By Cash	...	1,140	"	3,960	37	1,46,520
Sep. 18	To Cheque	720	...	"	3,240	6	19,440
24	By Cash	...	860	"	4,100	19	77,900
Oct. 18	Do.	...	1,140	"	5,240	10	52,400
28	To Cheque	340	...	"	4,900	21	1,02,900
Nov. 15	By Cash	...	580	"	5,480	1	5,480
16	To Cheque	1,700	...	"	3,780	35	1,82,800
Dec. 21	Do.	1,080	...	"	2,700	4	10,800
25	By Cash	...	2,400	"	5,100	6	30,600
31	By Int. at 2%	...	39 11 0	...	5,139 11 0	181	7,24,520
	To Balance c/o.	5,139 11 0			Nil		
		10279 11 0	10279 11 0		...		
1941							
Jan. 1	By Balance b/o.	...	5,139 11 0	...	5,139 11 0

Question 4.—A retail trader keeps his books on the single entry systems. On the 1st January, 1940, his assets and liabilities were:—Cash in hand Rs. 275; Cash at Bank Rs. 3,300; Stock Rs. 5,500; Amounts receivable from customers Rs. 3,025; Furniture and Fittings Rs. 1,200; Sundry Creditors Rs. 7,260. His assets and liabilities at the end of the year are as follows:—Cash in Hand Rs. 110; Cash at Bank Rs. 4,730; Stock Rs. 4,950; Amount due from Customers Rs. 3,630; Furniture and Fittings Rs. 1,200; Sundry Creditors Rs. 10,900. During the year he found that he had drawn out of the business Rs. 6,000. Of this sum Rs. 2,700 had been spent by him for purchasing a delivery van for the business.

Prepare a statement showing his profit for the year and a Balance Sheet, after writing off 10 per cent. depreciation on Furniture and Fitting; and providing 5 per cent. Reserve on the outstanding Debtors for Bad Debts.

Answer.—*Statement of Affairs as on 31st January, 1940.*

Liabilities.		Assets.
	Rs. a. p.	Rs. a. l
Sundry Creditors ...	7,260 0 0	Cash in hand ... 275 0 0
Capital (being excess of assets over liabilities at this date) ...	5,940 0 0	Cash at Bank ... 3,800 0 0
		Trade Debts ... 3,025 0 0
		Stock in Trade ... 5,500 0 0
		Furniture and fittings ... 1,100 0 0
Total ...	13,200 0 0	Total ... 13,200 0 0

Statement of Profit and Loss as on 31st December, 1940.

	Rs. a. p.		Rs. a. p.
Sundry Creditors ...	10,900 0 0	Cash in hand ...	110 0 0
Profit c/d ...	6,118 8 0	Cash at Bank ...	4,780 0 0
		Rs. a. p.	
Trade Debtors		8,680 0 0	
Less Provision for Bad debts		<u>181 8 0</u>	8,448 8 0
Stock		4,950 0 0	
Furniture and fittings		1,200 0 0	
Less depreciation	<u>120 0 0</u>	1,080 0 0	
Motor Van		2,700 0 0	
Total ...	<u>17,018 8 0</u>	<u>17,018 8 0</u>	
Profit b/d.		6,118 8 0	
Add Drawings during the year		<u>3,800 0 0</u>	
		9,418 8 0	
Less Capital at start of the year ...		<u>5,940 0 0</u>	
Profit for the year		3,478 8 0	

Statement of Affairs as on 31st December, 1940.

	Rs. a. p.		Rs. a. p.
Sundry Creditors ...	10,900 0 0	Chas in hand ...	110 0 0
Capital A/c.		Cash at Bank ...	4,780 0 0
		Rs. a. p.	
Rs. a. p.		Trade Drs.	8,680 0 0
1st Jan. 5,940 0 0		Less Provision	<u>181 8 0</u>
Add profit	<u>3,478 8 0</u>	8,448 8 0	
		Stock	4,950 0 0
Less Drawings	<u>9,418 8 0</u>	Furniture and fittings	1,200 0 0
		Less Depreciation	<u>120 0 0</u>
		Motor Van	1,080 0 0
		Total ...	2,700 0 0
Total ...	<u>17,018 8 0</u>	Total ...	<u>17,018 8 0</u>

Question 5.—Three brothers, A, B, C, are respectively 10, 12 and 15 years old. What should be given to each that their shares, being improved at 5 per cent. Simple interest, each may have Rs. 4,186 at the end of his twenty first year?

Answer.

$$\text{A's age} = 10 \text{ years.}$$

$$\text{B's age} = 12 \text{ years.}$$

$$\text{C's age} = 15 \text{ years.}$$

Since the money remains till the attainment of the age of 21 years in each case so the money earns interest in case of

$$\text{A for 11 years,}$$

$$\text{B for 9 years,}$$

$$\text{C for 6 years.}$$

A's Share.

If 100 is the principal then interest at 5% for 11 years

$$= \frac{100 \times 5 \times 11}{100}$$

$$= 55$$

$$\text{Amount} = 100 + 55 = 155$$

If 155 is the amount, principal = 100

If 4186 is the amount, principal

$$= \frac{4186 \times 100}{155} = \frac{83720}{31} = \text{Rs. } 2,700 \frac{20}{31}$$

B's Share.

If 100 is the principal then interest at 5% for 9 years

$$= \frac{100 \times 9 \times 5}{100} = 45.$$

$$\text{Amount} = 100 + 45 = 145$$

If 145 is the amount, principal = 100

If 4,186 is the amount then principal

$$= \frac{4186 \times 100}{145} = \frac{83720}{29} = \text{Rs. } 2,886 \frac{26}{29}.$$

C's Share.

If 100 is the principal then interest at 5% for 6 years

$$= \frac{100 \times 6 \times 5}{100} = 30.$$

$$\text{Amount} = 100 + 30 = 130$$

$$\text{If } 130 \text{ is the amount principal} = 100$$

$$\text{If } 4,186 \text{ is the amount, principal} = \frac{100 \times 4186}{130} = 3220.$$

Question 6.—(a) A person has Rs. 10,000 stock in the 4 per cents. He sells $\frac{3}{4}$ of it at a discount of 6 per cent., and invests the proceeds in railway shares at Rs. 470 per share. He sells the remaining $\frac{1}{4}$ at 105, and invests the proceeds in the 5 per cents. at 84. The railway shares pay 4 per cent. interest on Rs. 400, the amount paid on each share. What is the alteration in his income ?

Answer.

$$\text{Total Amount of } 4\% \text{ Stock} = \text{Rs. } 10,000$$

$$\text{Annual Income} = 10,000 \times 4/100 = 400$$

$3/4$ of 10,000 stocks i.e., Rs. 7,500, Stock is sold at 94

$$\text{and the sale proceeds} = \frac{7500 \times 94}{100} = \text{Rs. } 7,050.$$

He invests Rs. 7,050 in railway shares at Rs. 470 per share; hence the face value of shares purchased

$$= \frac{7050 \times 400}{470} = \text{Rs. } 6,000.$$

(the face value of each share = Rs. 400)

$$\text{Income on Rs. } 6,000 @ 4\% \text{ p. a.} = \text{Rs. } 240.$$

The balance of 4% stock viz., Rs. 2,500 is sold at 105

$$\text{hence sale proceeds} = \frac{2500 \times 105}{100} = \text{Rs. } 2,625.$$

Face value of 5% Stock purchased at Rs. 84 for

$$\text{Rs. } 2,625 = \frac{2625 \times 100}{84} = \text{Rs. } 3,125.$$

Income on the 2nd investment

$$= \frac{3125 \times 5}{100} = \text{Rs. } 156.40.$$

Total income on investment No. 1 and 2 = $240 + 156.40$
= Rs. 396.40.

Income on the original investment = Rs. 400.

Hence his income has decreased by Rs. 3-12.0,

(b) Explain what is meant by a following terms :—

- (1) Bill of Exchange.
- (2) Days of Grace.
- (3) *Pro-Forma Invoice.*

(b) (1) A *Bill of Exchange* is an unconditional order in writing signed by the maker directing the person to whom it is addressed to pay on demand or at a fixed or determinable future time a certain sum of money to or to the order of a person or to the bearer.

(2) *Day of Grace* are three days added to the term of a bill of exchange for the purpose of determining the day on which it falls due, the bill being due and payable on the last day of Grace. It is a recognised custom of old standing to extend the term of credit mentioned in the bill by 3 days. Days of Grace were originally allowed as a matter of courtesy but now they can be claimed legally by the Drawee. Days of Grace are not allowed in the case of bills payable on demand or at sight.

(3) *Pro-Forma Invoice.* A *Pro-Forma Invoice* is a statement containing particulars of the quantities and description of goods sent to an agent for sale on consignment account and the minimum prices which the goods are expected to fetch when realised. This is sent to the consignee with an Advice Note and shipping document (the Bill of lading, Insurance Policy etc.)

Question 7.—A person borrows two equal sums at the same time at 5 and 4 per cent. respectively, and finds that, if he repays the former sum with interest on a certain date 6 months before the latter, he will have to pay in each case the same amount, *viz.*, Rs. 1,100. Find the amount borrowed, and the time for which interest is paid.

Answer.—If 100 is the sum borrowed at 5% interest for 1 year = Rs. 5. What amount should be borrowed at 4% p. a. so that interest for 6 months may amount to Rs. 5.

$$\text{Principal} = \frac{100 \times 5}{4 \times \frac{1}{2}} = \frac{100 \times 5}{2} = \text{Rs. } 250.$$

If interest paid is Rs. 5 the sum borrowed at 5% is Rs. 100.

If interest is Rs. 1100 the sum borrowed at 5%

$$= \frac{1100 \times 100}{5} = \text{Rs. } 22,000.$$

If interest paid is Rs. 5 the sum borrowed at 4% = Rs. 250.

If interest paid is 1,100 the sum borrowed at 4% = Rs. 55,000.

Question 8.—The dividend on the shares of a Company is at the rate of 9 per cent. Had the profits been Rs. 800 more than what they are, a dividend of 10 per cent. could have been declared. What is the share capital of the Company?

Answer.—A further profit of Rs. 800 enables the Company to pay dividend at 1% more: hence the capital of the company = $\frac{800 \times 100}{1}$ = Rs. 80,000.

ECONOMICS.

Question 1.—Distinguish between wealth and welfare. How far can Economics be described as the science of welfare?

Or

"Economics is the study of the business returns. Does it apply to agriculture ?

Answer.—See answer to Question No. 10 Economics 1934.

The science of Economics considers all our wealth getting and wealth using activities and is concerned with man as earning and consuming wealth for his benefit. The end of economic science is the attainment of human welfare. It is due to this reason that the science endeavours to economise or adjust the opportunities or environment of human beings in such a way (*i.e.* with minimum outlay for a maximum return) as to produce the best results, such as the (a) enhancement of the efficiency of the employer, of the employees, of the nation and of the family, the (b) conservation of natural resources, of industry and vitality, and (c) the attainment of prosperity or an abundance of economic goods for the nation and the individual. Every country is endowed with certain economic environments some of which are very favourable to the economic prosperity of a country while others are prejudicial to it. It is the end of science to improve the opportunities and minimise the drawbacks so as to enhance the wealth of the country and to add to the welfare of the population.

Alternative Question.—Wants, efforts, satisfactions comprise the circle of life's activities. Economics deals with the actual conditions of this circle ; it examines our activities in the business of life not as they ought to be, or as they would be under ideal conditions but as they are. "Economics", says Sir Chapman, "treats of all the actions of human beings in relation to wealth." "The subject matter of economics" declares Professor Cannon "has always been the wealth of human beings generally." Economics studies the various activities of man in relation to wealth

namely, its production, consumption, exchange and distribution primarily from the stand point of the individual—. Economics is, therefore, called the science of wealth in relation to man. Man is the central figure in Economics but an economist is concerned only with those activities of man which result in the production of wealth and affect man in the business part of his life. The science excludes those activities of man which are religious, artistic, philanthropic or patriotic.

Question 2.—State and explain the law of increasing returns. Does it apply to agriculture ?

Answer.—See answer to Question No. 2 Economics 1930.

Question 3.—Compare and contrast land and capital as Agents of Production.

Or

Give a brief account of the factors that determine the efficiency of labour.

Answer.—Land has been termed “the mother of wealth”. Every thing useful to the life of man “ writes an economist springs from the ground”. It must however, be noted that under the term “land” the economist includes not only the soil and what Ricardo terms its “original and indestructible powers” but also water, sunshine, and all the gifts of nature. The economists, therefore, prefer to refer to land as nature power, natural resources or even nature.

Land is a primary agent of production. Without it man will not be able to produce anything. Land not only supplies the standing room for production but all the accessories to production. Land appears to be indispensable to production.

Capital is that part of the wealth which is used in the production of more wealth. With his unaided hands man can produce nothing. He requires tools and implements to take full advantage of the forces of nature. The need for capital in modern world when large scale production is the rule of the day becomes all the more important. Capital is, however, not an independent factor of production. It is wealth already produced but used not as a means towards the direct satisfaction of wants but as an aid to further production of wealth. Capital is an intermediate product of nature and man—land and labour. No production of

wealth is possible without land and labour. Land and labour are, therefore, the agents of production while capital is a factor of production. Land and capital both, however, play a passive part in the production of wealth.

The following differences in land and capital may be noted :

- (i) Land is fixed in quantity but capital is reproducible.
- (ii) Land is indestructible while capital is perishable.
- (iii) Land is a free gift of nature while capital is a product of labour.

Alternative.—The labour power of any community in all its different states of development—pastoral, agricultural or manufacturing—is compounded of two factors, that derived from the efficiency of individual labour and that derived from the organisation of industry which embraces the joint action of men in production, the differentiation of productive processes, the specialisation of trades.

The degree in which the labour of an individual shall be efficient in the creation of values is dependent upon the following causes :—

(1) *Qualities of Race.*—English economists maintain that the English labourer has certain racial qualities (physical, intellectual and moral) which make him more efficient than the average labourer of many other races. There is certainly an element of truth in this idea.

(2) *Relation of food to Industrial Efficiency.*—A second reason for the difference in the industrial efficiency of the labourers of one class or nation and of another, is found in the quantity and quality of the food consumed by the labourers of two classes or nations respectively. The efficiency of the labourer depends upon his getting good food in sufficient quantity and adequate amount of suitable clothing. If the labourers of a country are underfed or are ill clothed, their health would be greatly impaired and consequently the efficiency of the labourers of that country would be considerably reduced.

The efficiency of labour in India suffers to a large extent due to this cause. Probably, the inhabitants of the United States of America constitute the only large population in the world who are thoroughly well-nourished.

(3) *Influence of Sanitary Conditions on the Efficiency*

of Labour.—A third reason for the higher industrial efficiency of labourers of one class or nation than of another is found in the differing sanitary conditions in which the two classes of labourers live. Human beings confined in small and unventilated rooms inevitably lose vigour and consequently efficiency. Gloomy surroundings, polluted air, and insanitary conditions about the place of work or the home, breed listlessness, if not actual disease. A cool bracing climate is invigorating.

(4) *Labourer's Intelligence.*—Intelligence is a most powerful factor in industrial efficiency. Other things being equal the more intelligent the labourer the greater will be his efficiency in production. By intelligence is meant not technical knowledge but clearness of mind, quickness of perception and strength of memory. This factor is frequently a racial characteristic. The intelligence of an average Englishman is keener and broader than that of an average Indian.

(5) *Moral Qualities.*—Qualities of will i.e. honesty, energy, straightforwardness, also greatly influence a man's capacity as a producer.

(6) *Cheerfulness and hopefulness in Labour.*—A worker's efficiency increases with his cheerfulness and hopefulness, growing out of her higher self-respect and social ambition. Freedom and the hope of reward increases man's power to work while slavery and serfdom lead to inefficiency in production. A slave has no prospects of a reward. He works simply to please his master.

The nearness and directness of the reward govern to a large extent the efficiency of labour. This is the reason why slave labour is less efficient than free labour.

(7) *Wages and their spending* have also a direct bearing upon efficiency. The worker benefits from each increase in his real wages for he can afford to have better food and proper clothing all of which contribute to his efficiency as a productive unit.

(8) *Industrial Training—General and Technical Education.*—The efficiency of labour is greater or less according to the quality of industrial training the labourers have got. Technical education enables the worker to perform his duties more intelligently while general education broadens his outlook and leads to the development of moral and intellectual qualities of the labourers.

(9) *Number of hours worked.*—No man can sustain long hours of hard work. Upto a point, a reduction in hours may bring about an increase in efficiency during the hours worked, inasmuch as the labourer has greater opportunity for beneficial amusement and recreation.

The efficiency of labour also depends upon the proper organisation of labour involving the allocation of the labourer of the task to which he is best fitted.

Question 4.—"The price of a commodity tends to approximate to its cost of production." Explain why it should be so ; does the law admit of any exceptions ?

Answer.—See answer to Question No. 4 Economics 1933.

Question 5.—Discuss critically the marginal productivity theory of wages.

Answer.—See answer to Question No. 6 Economics 1934.

Question 6.—Account briefly for the comparative inefficiency of Indian agriculture.

Answer.—Agriculture is the most important industry of India and a large proportion of the population of the country is dependent upon it for its means of livelihood. But India is the most backward country in agriculture in the world and agriculture is carried on under highly unsatisfactory conditions. There are certain difficulties which stand in the way of the development of this industry in India. Production can be carried on with the assistance of the four agents *viz.*, Land, Labour, Capital and Organization. The inherent defects in these agents account for the backwardness of the agriculture in India. We shall summarise below the main causes which have hampered the development of the industry.

Land.—The inherent defect in this agent is its dryness. The soils are not rich in mineral matters and consequently they are less fertile than those of other countries. To remove this defect, an adequate supply of water and application of manures becomes a necessity.

Most parts of the country are dependent for their moisture on rains which are of uncertain character. On account of the nature of their soils or other difficulties they

The soils can be enriched by applications of manure but in India the cultivators suffer a great deal for want of cheap articles that can be used as manures. Cow-dung which is recognised as a good fertilser is used as fuel by the poor Indians. The Indian cultivator is not ignorant of the value of cattle manure and less of it would be burnt as fuel if wood could be made cheap. India is exporting every year enormous quantities of oil seeds and oil cakes for the benefit of foreign countries while her own fields are getting impoverished. The land is thus being continually exhausted owing to lack of manure and the uninterrupted cultivation of heavy and exhausting corps.

Supply of Labour.—Efficient agriculture depends largely upon the qualities of the farmer. Unfortunately, Indian cultivator is recognised to be inferior in point of intelligence, enterprise and capacity for labour to the European or American farmer. His inefficiency is not due to any inborn cause but is to be largely attributed to adverse factors such as chronic draught, pressure on land, the burden of heavy indebtedness and the Caste System. Prof. Kale explains the inefficiency of the Indian cultivator in the following lines :—

“ Apart from climatic and other factors which go to make labour inefficient the Indian worker suffers from the lack of sufficient nourishment of education, training and ambition.” It is the conservatism of the Indian cultivator which is an obstacle to reform and progress.

Capital.—(a) *Implements.*—Indian agriculture is carried on by old and simple implements and does not require the investment of large quantity of capital but whatever modest capital is employed it can be procured with great difficulty. The cultivators borrow money from the village moneylenders at exorbitant rate of interest and always remain burried in debt. The capital which is borrowed is not used in increasing the fertility of the soil but is spent in purchasing seeds, agricultural capital and ploughs.

(b) *Cattle.*—The cultivation of the soil requires assistance of agricultural cattle. The bullock is in India the only motive power for cultivation. India, however, suffers greatly on account of the want of adequate supply of such cattle. They are of inferior quality and few in number.

(c) *Seeds.*—The produce raised per acre depends largely

upon the nature and quality of seeds sown. The Indian peasants do not preserve the best kind of seeds that will increase the output, but, on the other hand, they go on consuming the crops and use the remnants for sowing in the next season. The result is that the average yield is much poor.

Question 7.—Discuss, with special reference to India the case for the promotion of cottage industries.

Answer.—See answer to Question No. 10 Economics 1939.

Question 8.—Enumerate the main defects in the marketing of agricultural products in India and comment on any one of them.

Answer.—See answer to Question No. 7 Economics 1937.

Question 9.—Write short notes on any two of the following :—

- (i) Irrigation in India.
- (ii) Partnership *versus* joint stock companies.
- (iii) Industrial combinations.

Answer.—(i) *Irrigation in India.*—India is an agricultural country and depends upon the vagaries of rainfall. The chief characteristics of the Indian rainfall are its unequal distribution over the country, its irregular distribution throughout the season and its liability to failure or serious deficiency. The normal annual rainfall varies from 460 inches at Chirapunji in the Assam Hills to less than three inches in Upper Sind. There are portions of the country which suffer as much from excessive rainfall as others do from draught. The second important characteristic of the rainfall is its unequal distribution throughout the season. Except in the South-East Peninsula where the heaviest precipitation is received from October to December, by far the greater portion of the rain falls during the monsoons between June and October. Consequently, it happens that in one season of the year the greater part of India is flooded with water and is covered with vegetation; in another period the same tract becomes a dreary, sunburnt waste. From the agricultural point of view, the most unsatisfactory feature of the Indian rainfall is its liability to failure or serious deficiency. It is largely in order to remove the

menace of the years of draught that the great irrigation systems of India owe their origin. The value of irrigation works, which secure the country against famine and which increasing production, add to the wealth of the country, cannot be overestimated.

(ii) See answer to Question No. 6 Economics 1936.

(ii) See answer to Question No. 5 Economics 1935.

COMMERCIAL GEOGRAPHY

PART I—1941.

Question. 1—Describe the recent tendencies in the foreign trade of India giving specific illustrations by the commodities of export and import.

Answer.—Since the beginning of the war in September 1939, Indian exports had shown a marked tendency to increase and this movement was accelerated during 1940. The total value of India's exports aggregated Rs. 208.74 crores as compared with Rs. 189.30 crores in 1939, showing an increase of Rs. 19.44 crores, whereas imports were almost static at Rs. 162.95 crores as against Rs. 161.03 crores in the previous year. The favourable merchandise balance of trade, in consequence, increased considerably from Rs. 28.28 crores in 1939 to Rs. 45.79 crores in 1940. Figures in connection with export of gold, which has been an important feature of Indian trade for the last ten years, are not available, but taking into consideration the total amount of sterling purchased by the authorities, aggregating £ 70 $\frac{1}{2}$ million or Rs. 94 crores, and comparing this with the merchandise balance of trade, aggregating Rs. 45.79 crores, the figure export of gold would seem to be considerable during 1940, although it must not be forgotten that quite large payments have been made in sterling by the British Government, from time to time, to the Government of India for purchases of war supplies in this country. The rise in exports is largely contributed by the items of jute and cotton manufactures. The former accounted for an increase of Rs. 16 crores and the latter for Rs. 6 crores over the previous year. Total exports of jute manufactures amounted to Rs. 54.64 crores and of cotton yarn and manufactures to Rs. 14.17 crores as compared with Rs. 38.43 crores and Rs. 7, 94 crores respectively in 1939. Although the quantum figures of export trade are not available, judged by the index numbers of wholesale prices in Bombay which declined to 112 in August and stood at 118 in December 1940 as compared with 128 at the beginning of the year and 135 in December 1939, it would appear that exports had also increased in quantitative terms. The

increase in exports, therefore, is not from any rise in the price of India's staple products.

Although the total imports showed very little variation from 1939 there was a remarkable fall in the item of grain, pulse and flour imported, which declined from Rs. 22 crores in 1939 to Rs. 16.50 crores in 1940. Imports of cotton yarn and manufactures also showed a fall of Rs. 2 crores over the previous year. There was an almost corresponding increase in the country's imports of oils, which advanced from Rs. 17.47 crores to Rs. 21.05 crores in 1940 and of raw cotton, which rose from Rs. 7.65 crores to Rs. 9.40 crores.

Analysing the import and export trade by countries we find that there have been many changes in the directions of trade. The following table which gives Indian exports and imports (for the calender years) grouped according to countries reveals that whereas on the export side the largest increase has been in the case of the United Kingdom and the British Empire, the volume of imports from the Empire countries has not materially altered. In the case of Japan, exports have declined and imports have increased sharply, while the United States of America purchased more of our goods and sold more to us, although the rise in imports from the U. S. was much greater than the increase in our exports to that country.

TRADE OF INDIA.

Countries.	Exports.			Imports.			% change of (4) over (3)	1939	1940	Balance.
	(1)	(2)	% change of (2) over (1)	(3)	(4)					
Total	180,32	208,74	+15.76	161,03	162,95	+1.19	+19.29	+45,79	+45,79	
United Kingdom	57,36	78,42	+36.71	40,61	41,16	+1.35	+16.75	+37,26	+37,26	
British Empire excluding U. K.	36,43	49,47	+35.52	51,47	52,51	+20.20	-15.04	-3,14	-3,14	
Germany	4,01	Nil	-100.00	10,42	12	-99.04	-6,41	-12	-12	
Netherlands	2,74	64	-76.64	1,39	91	-34.53	+1,35	-27	-27	
Belgium	3,19	1,12	-64.89	2,41	1,82	-24.48	+78	-70	-70	
France	6,20	7,95	+28.22	1,49	1,01	-32.21	+4,71	+6,94	+6,94	
Italy	1,79	1,28	-28.49	1,99	1,09	-45.22	-20	+19	+19	
Japan	13,53	11,10	-17.96	17,91	20,88	+16.30	-4,38	-9,73	-9,73	
U. S. A.	20,94	26,67	+27.36	11,78	24,58	+108.66	+9,16	+2,09	+2,09	
Others	34,13	32,19	-5.68	21,56	18,92	-12.24	+12.57	+13.27	+13.27	

No information about the items which constitute the trade between India and other individual countries is available, but it can perhaps be said that the expansion in India's exports to the United Kingdom is mainly the result of increased absorption by the latter country of Indian food-stuffs, industrial raw materials, jute and woollen manufactures and leather goods. Other countries of the Empire have shown greater interest in Indian cotton manufactures and have taken larger quantities of raw materials for their expanding industrial production. The U. S. has absorbed larger quantities of raw materials which are of a strategic nature and inspite of the increased use of substitutes, raw jute and jute manufacture still form an important portion of India's exports to the U. S.

The increase of over 100% in India's imports from the U. S. was mainly the result of increased purchases of American manufactures, machine-tools, and chemicals. According to the U. S. trade figures her exports to India of finished manufactures increased from 29,857,000 dollars in the first eleven months of 1939 to 32,619,000 dollars in the corresponding months of 1940. During the same period exports of semi-manufactures increased from 3,414,000 dollars to 15,775,000 dollars and crude materials from 2,030,000 dollars to 5,695,000 dollars.

Inspite of Japan's exit from the sterling block and the linking of the yen to the U. S. dollar, which resulted in the appreciation of the Japanese currency in relation to the rupee with the depreciation of sterling against gold currencies, India's imports from Japan increased by about 17% during 1940 and exports decreased by 18%. While the decrease in imports from India was to some extent due to Japan having found alternative sources of supply in East Asia and Latin America, the increase in Japan's exports to this country partly represented Indian purchases of Japanese manufactures to replace European supplies which were no more available. For example, artificial silk yarn which we formerly imported from Italy is now largely supplied by Japan.

Question 2.—Give a reasoned geographical account of any one of the following :—

(i) Libya, (ii) Malaya Peninsula, (iii) Brazil.

Brazil.—General.—Brazil is the largest country in South America and rivals in size the United States or

Canada and is nearly as large as the Indian Empire. Brazil covers an area of 3,275,510 sq. miles and the estimated population in 1937 was 43,246,931.

Natural Regions.—Brazil covers several natural regions and the most important are: (1) The great basin of the Amazon, (2) The coastal marginal lands, (3) The Southern Temperate Region, and (4) The Brazilian massif.

Climate.—The climate generally speaking, is typically tropical except where it is modified by altitude and latitude. Rainfall is copious in the Central Amazon Valley.

Productions and Industries.—Brazil is an agricultural country, though only a small portion is under culture. During 1931—36, 24 dams were built capable of irrigating 67,455 acres of the dry region in the North-Eastern section. The total cultivated areas covers about 17,387,000 acres, of which 4,133,000 acres are in coffee, 6,919,000 in maize, 5,461,000 in cotton, and 1,315,000 in rice. Brazil ranks first in the production of coffee, second in the production of cocoa, and third in that of sugar and tobacco. Coffee, the chief product cultivated, accounts annually for from 60 to 75 per cent. of Brazil's total exports. The four States of Sao Paulo, Rio de Janeiro, Espirito Santo, and Minas Geraes are the principal districts for coffee growing. Brazil has three-fourths of the world supply.

Sugar is also produced in large quantities. Anhydrous alcohol is distilled from sugar surplus. Brazil now ranks second only to the United States in the production of oranges exports of which are steadily growing. Cotton and tobacco are also important crops.

Rubber is another great natural product of the country, the principal rubber-growing districts being the Acre Territory and the States of Amazonas and Para. Up to 1910 Brazil was virtually the world's sole source of India rubber, but output has suffered from the price-competition of plantation rubber. Brazil is the chief source of carnauba wax, used for electrified insulation and gramophone records. Both the forests and mines of Brazil are important. Timber is exported chiefly to Argentina. Coal deposits exist in Rio Grande de Sul, Santa Catharina, Parana, and Sao Paulo. Iron is found chiefly in Minas Geraes, where 17 plants are located. At Itabira, foreign capital is now opening up what is believed to be one of the richest iron ore deposits in the world. Gold is found in practically every State, though large scale mining is confined to a single

mine in Minas Geraes. Diamond districts are Diamantina, Grao Mogol, Chapada Diamantina, Bagagem, Goyaz, Matto Grosso, and other States. A great part of the world's supply of monazite formerly came from Brazil, chiefly from Bahia and Espirito Santo, but exports have declined.

The most important manufacturing industry in Brazil is cotton weaving (30 per cent. of the factories are in Sao Paulo and another 30 per cent. in the Federal District and in Minas Geraes). There are also silk mills, hosiery mills, woollen mills, jute mills, paper mills, tobacco factories, and sugar factories; factories for metallurgy and machinery and for construction materials. In Rao de Janeiro flour milling is important, wheat being imported chiefly from the Argentine and Uruguay an Republics and the United States. There are packing houses.

Commerce.—The principal exports are Coffee, Rubber, Tobacco, Sugar, Yerba Mate (Tea), Cocoa, Cotton (Raw), Hides and Skins and Frozen and Chilled meat.

The chief imports are Motor cars, Cotton goods, Chemicals, Iron and Steel, Machinery, Coal and Coke, Beverages and Wheat and Wheat flour.

The United States, Germany and Great Britain are Brazils customers and took 36 per cent. 17 per cent. and 9 per cent. respectively of Brazil's exports in 1937, The same three countries and Argentina supply the bulk of Brazil's imports.

Means of Communication.—Brazil is unique in the number and extent of its rivers. The Amazon, the Tocantins, the Parunhyba, the Sao Francisco, the Paraguay all afford more than 40,000 miles of navigable water though the rivers are interrupted in many places by falls.

The main net-work of railways is around the fertile lands of the Sao Pualo connecting it with Rao-de-Janeiro and Santos. The Central Brazil Railway is the principal railway in Brazil and is owned by the State. It joins up the railways of Brazil with those of Uruguay, Argentina and Paraguay and has been electrified.

Question 3.—Discuss the geographical and economic background of the relations of China with U. S. A., Russia and Japan.

Answer.—It is well known that Japan has followed a policy of determined aggression in China where it holds

a position of very great importance. As a market China offers immeasurable possibilities. It also possesses vast resources but is not densely populated. Japan is near to China and she hopes that with Chinese resources a market under Japanese control can be developed so that she could throw off its foreign dependence and stand out as one of the greatest powers in the world. Japan is unable to support her daily increasing population and she, therefore, wants an outlet for their support. China has already lost Manchuria where the new state of Manchukuo has been set up under Japanese control. This Manchuria area is rich in forests, farm land and minerals. Russia also made frequent demands upon China for special privileges in this area until it was finally forcibly occupied by Japanese troops.

Mongolia was a part of China. It is an unproductive region with a special population but its position make it as a buffer between Japan and Russian territory. No love has been lost between Russia and Japan and both have different aims and ideologies. In order to keep them frontiers separated from each other Russia took control from China of Outer Mongolia while domination of Inner Mongolia is in dispute. Parts of western China are also under strong Russian influence.

For the United States also China is a supplier of raw material for the huge silk industry in America. United States does not itself produce any silk and depends upon foreign supplies, China being one of the source.

Question 5.—Describe a set of geographical conditions necessary for the production of Tea, Sugar and Oil-seeds. Estimates the importance of each one of them in the economy of India.

Answer.—Tea.—Tea thrives best in a warm sub-tropical climate where frequent rains produce a moist steamy atmosphere. Such a climate is found in the Monsoon Countries of Asia which are especially suited to its cultivation. Tea needs a light well drained soil rich in humous and can be grown either on low lands or hill sides. When cultivated in low lands the soil must be very carefully drained for stagnant water in the soil considerably injures the shrub. The plant, however, does better on high hilly ground where the slopes enable the water to drain away naturally. Soils from recently cleared forest land on hill sides from ideal places for tea plantation. On the plains leaf growth is quicker but on highland plantations such

as those round Darjeeling in India or in Ceylon above 2500 feet leaves grow comparatively stouty and yield is of fine quality and flavour.

A plentiful supply of cheap labour is required for tending the plantation and picking the crop and successful tea cultivation is, therefore, limited to those countries where labour is both abundant and cheap. In the Monsoon countries the rates of wages are small compared with those in western Europe, the United States, Canada and similar lands but it must be remembered that in the East the cost of living is low.

Sugar.—Sugar is obtained chiefly from two sources:—
(1) cane sugar is prepared from juice of sugar cane; and (2) beet sugar is prepared from the root of the sugar beet. The sugar cane is a tropical and sub-tropical plant whereas the sugar beet is a temperate plant.

The sugar cane requires a hot moist climate. It requires nearly a year of warm weather to reach maturity. A heavy and well distributed rainfall is a necessity. The Sugar cane is grown in many tropical countries where the hot damp climate suits it admirably. The best crops are those near the sea, but though sugar cane likes plenty of moisture it also needs good drainage and some months of comparatively low rainfall before harvest so that it may ripen under the tropical sun.

As to the soil moist clay, loam and alluvial soils with good drainage are best suited to cane. The heavy canes are cut by hand and the manual work in hot, mixed climate is unsuitable for white men with the result that a supply of native labour is essential. The non-industrial regions of the tropics where labour is ample and wages are low afford better opportunities for the cultivation of sugar cane. The three most important producing countries—India, Cuba and Java satisfy all the requirements of sugar cane.

Sugar beet requires well drained, fertile, loamy soils because it is an exhausting crop. Rich manure is also needed for the same reason. The climate best suited to sugar beets is one in which the summers are not too warm. Too much heat gives more fibre and less sugar. There should be a good supply of water in the early growing season and drier and cooler weather as harvesting time approaches. Much hand labour is needed

The young plants must be thinned and in the earlier stages of growth weeds too must be removed by hand. Much of this tiresome work is usually done by children and women.

The United States leads in world production followed by Germany, Russia, France, Czechoslovakia, Poland, Italy, Holland and Belgium. It is interesting to know that there is conclusive evidence to show that India is the accredited birth-place of sugarcane, as also of cotton. Little attention was paid, however, to this industry until after the Great World War, when the desirability of utilising the sugar resources was examined without any tangible result by the Government of India. The Sugar Committee, appointed in 1920, laid stress on the importance of sugar in the National Economy of India, and subsequently the Imperial Council of Agricultural Research, established in 1929, drew the attention of the Government of India to the necessity of the establishment of this industry in India. This Council deserves great credit for the establishment of the modern sugar industry and its development to its present stage.

An important landmark in the history of the sugar industry was the year 1930-31, when a Tariff Board was appointed to consider the question of grant of protection to it. The development of this industry since the grant of adequate tariff protection to it, commencing from April, 1932, and the assurance by the Government of India to maintain it for a period of 15 years, has been magnificent.

From being a country which was mainly dependent on foreign sources for supply for its requirements of sugar up to 1931-32, India has now become the largest sugar-producing country in the world, with an output far in excess of its present estimated annual requirements, and with a potential capacity (with its present equipment of factories) under normal conditions of working for production of about $1\frac{1}{2}$ million tons of white sugar, i.e., roughly $1\frac{1}{2}$ times the quantity annually required for it for internal consumption at the present time.

As a result of the rapid development of this industry the import of sugar estimated at about 900,000 tons in 1929-30 and valued at about Rs. 150 millions has now practically disappeared and the country has been rendered

absolutely independent of any foreign sources for the supply of sugar.

It was in the year 1936-37 that the total production of sugar in India exceeded for the first time its estimated consumption and there was a large carry-over of sugar estimated at over 200,000 tons to the subsequent season.

The necessity for the export of sugar which was not realised acutely till the year 1939, has now arisen, and it is imperative for the country to find an outlet for the export of surplus production which is bound to be witnessed in time to come unless the cultivation of cane, and manufacture of sugar are properly planned and carefully controlled.

Oil-Seeds — Oilseeds are of various kinds and are grown under different set of geographical conditions. Linseed, rapeseed and the sesame are the three principal oilseeds furnished by India. Linseed grows on clay soil rich in alluvial deposit. If the soil has sufficient moisture heavy rainfall is not required. In India Linseed is grown for its seed and not for its fibre. Rape and Mustard are grown in Northern India and are generally sown in September or October and harvested from December to February. They are subject to the same geographical conditions as Linseed but are liable to the attack of green fly.

Seasame is grown chiefly in Peninsular India and is mostly a winter or autumn crop. The other oilseeds include cottonseed a bye-product of the cotton-growing countries requiring the same climatic conditions as cotton and Ground Nut obtained from the underground nuts of a plant.

The oil seed industry, as old as India itself, affects almost the whole of the country and since a very considerable proportion of the seeds grown are intended for domestic use-cooking, lighting, etc.—it is difficult to produce statistics of the amounts harvested each year. However, it may be assumed that the quantities actually exported only a fraction of the total since Indian industry itself also consumes a considerable amount of the produce which comes on the market—particularly of castor seed.

In spite of this, however, India is reckoned the world's second largest supplier of oil seeds, the first in normal

times being China. Owing to the present state of the latter country, however, it seems quite likely that as an exporter India probably holds the first place.

Loss of the continental markets, worth over Rs. 6,00 lakhs, has been partly made up by wartime demands elsewhere and during 1939-40 exports of raw seed showed a drop of only Rs. 3919 lakhs, were partly offset by an increase of Rs. 34 lakhs in exports of oils.

Of the seeds exported, much the most important is ground-nut, Rs. 7,19 lakh in 1939-40 (normal about Rs. 900 lakhs), linseed Rs. 3,17 lakhs, castor seed Rs. 71 lakhs (a big jump, apparently owing to war demand), rape seeds Rs. 32 lakhs (an increase) and sesamum Rs. 7½ lakhs (a fall of 50 per cent). These, plus coconut oil (normal exports about a lakh a year), constitute the main export in oil seeds out of a list of 131 different kinds shown in Indian Vegetable Oils.

Question 7.—Write a short essay on any one of the following :—

- (i) Land-Configuration as a factor in economic geography
- (ii) Geographical Location.

Answer.—(i) *Land configuration as a factor in economic Geography.*

Physical Features or Topography.—The formation of the surface of the land is the first geographical factor which exercises a very important influence on man's capacity for work as well as on his habits, occupations and mode of living. Plains, with favourable climatic conditions, provide valuable land for cattle grazing and for cultivation and are consequently world's modern sources of food supply. The economic value of a plain is greatly increased if the even-ness of its surface facilitates large scale agricultural operations and railway constructions. Generally speaking, a plain is the most convenient type of land formation for human settlement on a large scale.

Rugged, mountainous country, on the other hand, cannot be converted into fertile plains and, generally speaking, the great mountainous regions of the world must remain thinly populated. Mountain ranges not only prevent cultivation but also are a serious hindrance to communication. Population in mountainous parts is restricted to mining

regions or lowland valleys. You know, perhaps, that Kashmir is a very mountainous country. There are very few important towns in the State and the people occupy a humble position. On the other hand, the Gangetic plain is a flat country. The whole can be and is utilised and human settlements are scattered over all its surface. Means of communication are well developed and the country is highly industrialized.

Physical Features and Climate.—Physical features of a country affect its climate. Mountain ranges, such as those of Himalayas, play an important part in controlling the climate of the regions they flank. They prevent the onward flow of the monsoon winds which strike against the mountains, expand, rise and in doing so cool to fall as rain.

Topography (Physical Features) and means of communication.—The topography of the land has considerable influence on the means of land transport adopted. Communication over mountains is difficult compared with the ease of movements over plains. The evenness of the surface of plains makes possible the building of railways and the construction of roads. Advances in mechanical skill are always tending to lessen the effect of physical barriers and the changes from age to age give varying value to topographical features as factors in geographical circumstances.

Physical Features and Commerce.—The surface features of a land have close relation with its commerce. Elevation affects vegetation and vegetable products. The temperature of a mountain system in hot lands will be similar to that of temperate lands and their forests and agricultural products, therefore, similar too. Within the temperate regions generally the lowland is the agricultural land, the hilly country the seat of chief mining and manufacturing industries, the mountains that of forestry and pastoral occupations. Commerce is nothing but an exchange of commodities and a country will exchange only those commodities which it produces with those which it does not produce. Since the production of a country depends upon its physical features we may say that commerce has close relation with physical features.

Physical features have also influenced customs and habits and the history of a country. The history of India would surely have been differently written had there been no Himalayas to defend her from foreign invasions.

(ii) *Geographical Location.*—The factor of location or position is one which exercises a continuous influence on the life of every individual as well as on the life of the world as a whole. The insular position occupied by the British Isles is responsible for the British supremacy in world commerce. They are favourably placed in the middle of the land surface of the earth and the important sea routes of the world converge upon it. Similarly, Japan owes much of her trade to her favourable situation between China and India on the one side and North America on the other, all of which are commercial countries. Now take the position of New Zealand. The factor of location affects the whole economic life and commercial development of New Zealand. It is separated from the rest of the world by a long distance.

It must, therefore, specialize in commodities which can stand the long voyage and which will pay the cost of the journey. Again there is the position of a country relative to the world as a whole *i.e.* to the equator and the poles, for position must of necessity be a main factor in determining climatic conditions.

The situation of a region relative to land and sea masses has also a determining influence on man's activities and occupations. Coastal lands naturally lead to the development of fishing as an important occupation of all people. Coastal lands also tend to trading.

It is interesting that no amount of human ingenuity can alter the position or location of a country though he may be able to devise measures to overcome the disadvantages resulting from it.

Question 3.—Write a critical note on the location and possibilities in India of a proposed shipbuilding industry and automobile industry.

Answer.—The establishment of a factory for automobile manufacture in India is a subject that has for sometimes been in the forefront. The war has raised hopes that at least under pressure of necessity circumstances for the birth and growth of automobiles, shipping and air craft industries would not be unfavourable. America is at present the biggest producer of motor vehicles. The automobile industries in the United States have announced of making a voluntary reduction in the production of motor vehicles in order to accelerate the production of war materials. This decision vitally affects India for she is one of the largest importers and biggest markets for motor cars from America.

and would suffer by any restriction in the production of automobiles by paying continuously higher prices or by her source of supply being seriously cut unless she is able to establish her own industry.

The automobile even in an underfed and poor country like India to-day is not a luxury but a useful and recognised means of transport. Road development demands speedy and economical transport and in recent years the progress of lorry traffic both for the carriage of passengers and goods has been remarkable. The motor transport has now established itself in India but also has immense possibilities of development both complementary and alternatively to the railways. India is a country of long distances and many villages where railways cannot pay. Road vehicles are, therefore, a vital economic necessity and the demand for motor vehicles is bound to grow with the expansion of road mileage and road traffic.

In his emergency budget presented in India Legislative Assembly in November, 1940 the Finance Member gave some idea of the scope offered by the war for establishing the automobile industry in the following words :—

" Before the war we had something like 5,000 motor vehicles. Now we have actually in service on the way approximately 30,000 and by next year these figures would be doubled." To this may be added the normal requirements of motor cars in India. The average number of omnibuses and motor cars imported in India during the ten years from 1928-29 to 1938-39 was 20,000 valued at Rs. 3.6 crores per annum. With the progress of road development in India, increased industrialisation and cheapening of motor vehicles the demand for automobile would certainly expand. Thus the automobile industry in India has the advantage of a ready and an expanding home market.

According to Mr. Wal Chand Hirachand the enthusiastic sponsor of the industry, " most of the raw materials required for manufacturing motor cars are available in India. It has been calculated that in an automobile, weighing nearly 2,800 pounds, about 2,400 pounds would be iron and steel of different varieties practically all of which are now being produced in India to meet the requirements of war and with the close of the war an Indian company will have a distinct advantage in respect of the large bulk of component parts."

A good many people even among industrialists are

obsessed by the fear that the manufacture of motor vehicles is a very complicated and difficult matter and the Indian workman is not trained for this delicate work. But such fears are groundless. The machinery used in the manufacture of parts is to a considerable extent standardised and its action is largely automatic. The thought and will required in manufacture has been transferred from the workmen to the machine and "although the motor vehicle is a most delicate and finely adjusted machine the human intervention utilised in its manufacture is reduced to a minimum." The experience of automobile plants of which there are a number working in India show that the Indian workmen is capable of handling this class of machinery and of producing articles of the required quality, strength and finish.

It is clear that the circumstances are favourable to the establishment of an automobile industry in India. Some industrialists worked out a scheme and selected Bombay as the seat of the industry. The Congress Government in Bombay which had promised support resigned and neither the Government of Bombay have been inclined to assist or encourage the industry nor the Central Government. The Government of India cited the fact that parts would have to be imported as the chief objection. But this objection is unreasonable as may be inferred from the experiment of other countries, notably Russia, where automobile manufacture has all been dependent, in the first years, on imported parts. It is not that there are inherrent defects in the scheme which stand in the way of the Government giving its blessings to the industry but a definite fear that the Indian market would be lost to British Cars were an automobile industry to spring in India. It is, however, regrettable that owing to an unsympathetic attitude of the Government British India has been deprived of a key industry.

Ship-building Industry in India.—Ship-building is no new industry in India. There is no doubt that the art had reached a very high degree of development in this country centuries before it had even a trade building in other parts of the world. Reference to ships and their voyages across the oceans and to the great merchant princes and their adventures on the high seas are not rare in ancient books. There are also numerous archeological and numismatical records which go to prove the fact that ship-building and shipping were highly developed industries in India, in fact,

unrivalled in any other maritime country of that age. Unfortunately, owing to foreign rule, ship-building, like other industries, suffered heavily and gradually became extinct.

The absence of modern ship-building yards in India has been seriously felt during the last few years. India possesses the necessary requisites of ship-building industry. The essential requirements are :—

(i) A suitable site, (ii) Requisite depth of water, (iii) Proximity of Raw Material, (iv) Supply of labour, (v) Dry docking facilities, (vi) Road and Rail connections, and (vii) Supply of fresh water.

The Scindia Steam Navigation Company, has, after strenuous struggles and endeavours been able to launch upon the new enterprise of establishing a Ship-building Yard at Vizagapatam. This port possesses all the essentials of a modern ship-building yard and is considered to be a suitable place as the new home of the industry. It satisfies the essentials of the industry as follows :—

Site.—Vizagapatam is situated on the Coromandel Coast and about midway between Madras and Calcutta and shares with the adjoining health resort, Waltair, a bracing climate which cannot fail to have beneficial effects on the workers. The Harbour has been developed on modern lines within the last few years and is well protected.

Depth of Water.—The water of the harbour near the ship yard site are of ample depth and extent to permit of the launching of even the biggest ships of the present day. The tidal range is very satisfactory and currents are negligible even after heavy rains.

Proximity of Raw Materials.—Steel, which is the most important raw material, can be railed down from Tatanagar which is at a distance of only 568 miles on the main railway line from Vizagapatam.

Supply of Labour.—Unskilled labour can be obtained locally. As there are no outstanding industrial works, a large part of the skilled labour will have to be obtained from outside.

Dry-docking facilities :—Negotiations for obtaining a suitable plot of land near the shipyard site for laying out a dry-dock by the Company have made a fairly good progress. It is a part of the scheme to obtain the site for the dry-dock

and to lay it out in due course. The dry-dock proposed to be built will accommodate the largest vessels which can be built in the proposed shipyard. As there is no dry-dock at Vizapagatam for docking a big modern steamer, the proposed dry-dock is bound to be a valuable addition to the existing facilities of the port.

Road and Rail connection.—The selected site is situated on the grand trunk road between Madras and Calcutta. There is at present no rail connection to the site but the Company will have the necessary extension made.

Supply of Fresh Water.—There are two sources of supply of fresh water not far from the site of the shipyard. There is a piped gravitational supply from the adjoining valley near the site. There is also a supply of sweet water pumped from wells situated at a short distance from that site.

Question 6.—Attempt a comparison of the geographical factors involved in the cotton manufacturing industries of India and Japan respectively.

Answer:—The cotton industry of Japan has made a phenomenal progress within the span of nearly half a century and Japan now bids fair to have other nations behind her. The main geographical factors helping the establishment of a successful cotton industry in Japan are: (i) a suitable climate, (ii) cheap water power, (iii) transport facilities, (iv) supply of cheap and skilled labour, and (v) the proximity to the large markets of China and India. Unfortunately Japan depends for raw cotton upon foreign countries. She brings most of her raw material from India and the United States though some Chinese and Egyptian Cotton is also being used. The proportion of India Cotton is, however, decreasing and since there is now an increasing tendency for manufacturing finer quality of goods in Japan the use of American cotton is increasing. One point has to be borne in mind in connection with the cotton industry in Japan. Like that of the Great Britain the Japanese Cotton industry flourishes mainly on foreign markets.

India possesses some greater advantages over Japan in cotton manufactures. The greatest advantage possessed by the Indian cotton industry is the extent of the home market. The significance of this advantage can be realised from the fact that, taking the two countries from which India draws practically the whole of the imports of manufactured cotton

i.e. Great Britain and Japan, India represents the largest single export market for each country. While, therefore, Japan depends upon foreign markets for the prosperity of her cotton industry a market is said to exist in the palm of India.

The second advantage is that Japan draws her supply of raw material from foreign countries but India, on the other hand, is one of the most important cotton growing countries of the world. The cotton grown has, no doubt, a short and coarse staple but both Japan and India use this kind of cotton for coarse cloth, yarn for finer cloths being imported by both countries from other sources.

The Japanese industry is, however, said to enjoy the following advantages over her competitors.

(i) *Cheap Labour.*—Most of the cotton workers in Japan are women workers and the wages paid to them are lower than in the other cotton manufacturing countries. Besides being cheap the Japanese labour is quite efficient. The average number of looms handled by an average weaver is from 6 to 8 while in India it is hardly 2 to 3.

Automatic weaving machines have been introduced in Japan which minimize the yarn breakages.

(ii) The industry is highly organised in Japan eliminating the middleman to a large extent.

(iii) Two shifts are common in Japan and these allow more service to be obtained from machinery and to renew the plant quickly as soon as it is worn out so that the most up-to-date machinery is found in the Japanese Mills.

Question 8.—(a) Draw a sketch-map of India and show therein the shortest railway routes between the following pairs of cities :—

- (i) Bombay and Karachi, (ii) Chittagong and Delhi,
- (iii) Ahmedabad and Calcutta, (iv) Poona and Travancore.

(b) Mention the important features of geographical and commercial interest in a journey between any one of the above mentioned pairs of cities.

Answer :—(a) It is not possible to give maps in this book. Readers are advised to refer to some good Atlas.

(b) (ii) We begin our Journey from Delhi for Chittagong. Delhi is the Rome of India, the historical city of the

whole land and the new capital of India. The story of Delhi is the story of India. There is a an old saying that no king is properly crowned unless he ascends the throne at Delhi. Another old saying declares that he who is master of Delhi is the master of India. Delhi is now a modern industrial city with large wheat and produce markets as well as manufactures of gold and silver filigree work, and shawls.

Eight hours journey from Delhi brings us to Cawnpore. The city has no special attractions; it is a busy manufacturing place with cotton, woollen and jute factories tanneries and leather works. The country we have crossed is a flat alluvial plain and agriculture is the chief occupation, all principal crops wheat, cotton, oilseeds, rice being grown in abundance. The rivers Ganges and Jumna assisted by their numerous tributaries are the sources of irrigation and many important canals have been dug to irrigate the land.

We must now move on to Allahabad the old Capital of the United Provinces of Agra and Oudh. Allahabad owes its fame to its situations at the junctions of the Ganges and Jumna. The sand spit where the two mighty rivers meet is known to the Hindus as Paryag and is considered by them a very sacred spot. Allahabad has no particular manufactures but is a most important railway centre. Most of the traffic between Bombay and Bengal passes through it.

A railway journey of about one hundred miles brings us to the sacred city of Benares which is the very gate of Paradise for the Hindu India. It is the Oxford and Canterbury of India. To visit its temples, to bathe in its cleansing waters, to die in it and to be burnt on the river bank is to be certain of devine favour.

We leave Benaras and take the train for Calcutta a journey of twelve hours across interminable plains. We are now in Bengal which, thanks to the blessing of heat, rainfall and fertile soil is the richest and most fruitful province of all India. Every kind of crop grown in the peninsula flourishes in Bengal and the corp is harvested three times a year. When we approach the delta we find mile after mile of the country on either side of the railway lines under water. These are the famous paddy fields of Calcutta.

We now reach the terminus of Howrah which stands on the Hooghly opposite Calcutta. It is connected with Calcutta by a bridge which opens to permit the passage of ships. We soon discover that Calcutta is one of the greatest ports of the world. Calcutta owes its importance

to the fact that it is the natural outlet for a wide region of fertile plains through which flows a great water way across which roads, railways and canals can easily be made. As a matter of fact Calcutta is not an Indian city at all; it is a modern British made commercial centre which now ranks among the cities of the Empire as second in population to London. Calcutta has numerous jute mills, cotton mills, sugar mills, paper mills and many more miscellaneous industries.

We now move for Chittagong. We take a ship and going down the river Hooghly reach Sangar Island which marks the point where the Ganges enters the Sea. Away to the left stretches the Sundar bans, a huge region of swamps intersected in all directions by streams and overgrown with tangled vegetation. We are now out upon the open waters of Bay of Bengal for Chittagong. Though Chittagong has been a trading centre since the 16th century it was not until the Assam Bengal Railway was completed that its claim as a natural outlet for the trade of Assam and North-East Bengal was recognised. Tea is at present the principal export of the port.

ENGLISH.

PART I.

(A) ESSAY.

Question 1.—Write an essay on one of the following subjects :—

- (1) The use and abuse of newspapers.
- (2) Strikes.
- (3) Travelling.
- (4) The Study of Nature.
- (5) The connection between Commerce and Civilization.
- (6) Habit is second nature.
- (6) Duty "Stern daughter of the voice of God."

Answer.

STRIKES.

Outline.

- (1) A strike.
- (2) Strikes the (modern) offspring of trade unions ; not like the old peasant revolts.
- (3) Causes of strikes ; their decrease.
- (4) Employer's federations ; their conferences with the unions.
- (5) Attempts to control strikes by :—
 - (a) Legislation.
 - (b) Conciliation Boards.

(B) GRAMMAR.

Paraphrase the following :—

" Give thy thoughts no tongue,
Nor any unproportioned thought his act.
Those friends thou hast, and their adoption tried,
Grapple them to thy soul with hoops of steel ;
But do not dull thy palm with entertainment
Of each new-hatched, unfledged comrade. Beware.
Of entrance to a quarrel, but being in,
Bear't that the opposed may beware of thee.

Give every man thine ear, but few thy voice ;
 Take each man's censure, but reserve thy judgment.
 Costly thy habit as thy purse can buy,
 But not express'd in fancy ; rich, not gaudy ;
 For the apparel oft proclaims the man.
 Neither a borrower nor a lender be ;
 For loan loses both itself and friend.
 And borrowing dulls the edge of husbandry.
 This above all : to thine ownself be true,
 And it must follow, as the night the day,
 Thou canst not then be false to any man."

Answer.—Be not too ready to utter your thoughts, and do not execute any wild unsuitable idea. Be friendly with everybody; but avoid being too familiar. Bind to your heart those friends whom you have tried and found faithful. As for recent acquaintances, do not make your palm callous by shaking each of them by the hand. Be not quarrelsome; but if a quarrel is forced upon you bear yourself manfully so that your opponent may respect you. Hear what every one has to say but tell your own secrets only to a few. Listen to each man's opinion but be in no hurry to express your own. Dress as expensively as you can afford but do not let your clothes be showy for a man's character is judged by his clothes. Be neither a borrower nor a lender. If you lend money to a friend and do not receive it back you lose both money and friend. If you borrow you become yourself less careful in managing your possessions. But most important of all be true to yourself. Then as surely as night follows the day you cannot be false to any man.

Question.—Choosing five of the following pairs of words, explain clearly the difference in meaning between the words in each pair and write short sentences to illustrate your answers :—

- (1) Collision, Collusion.
- (2) Contiguous, Contagious.
- (3) Factitious, Fictitious.
- (4) Imperious, Imperial.
- (5) Ingenious, Ingenuous.
- (6) Stationary, Stationery.
- (7) Veracious, Voracious,

Answer :—

- (1) Collision—A violent encounter.
 A collision occurred on the railway.
 Collusion—fraudulent secret understanding.
 The thief acted in collusion with the police.
- (2) Contiguous—adjoining.
 France and Germany are contiguous countries.
 Contagious—That may be communicated by contact.
 Small pox is a contagious disease.
- (3) Factitious means artificial or conventional.
 His arguments in support of his advice were factitious.
 Fictitious means not real.
 A cheque drawn in the name of a fictitious payee is treated as payable to bearer.
- (4) Imperious means naughty.
 He asked us to go back with an imperious gesture.
 Imperial means pertaining to an Empire.
 The Imperial Government suffered a heavy defeat.
- (5) Ingenious means skilful or wily.
 An ingenious device.
 Ingenuous means innocent.
 An ingenuous confession.
- (6) Stationary not moving.
 Some trains were moving, some were stationary.
 Stationery—writing materials such as paper, ink etc.
 He sells books and stationery.
- (7) Veracious—truthful or true.
 His veracious tongue made many friends to him.
 Voracious—Greedy.
 Eagle is a voracious animal.

Question 1.—Make a precis of the following in about 100 words :—

“ The best excuse that can be made for avarice is that it generally prevails in old men or in men of cold tempers, where all other affections are extinct. The mind, being incapable of remaining without some passion or pursuit, at last finds out this monstrously absurd one, which suits the coldness and inactivity of its temper.

At the same time it seems very extraordinary that so frosty, spiritless a passion should be able to carry us further than all the warmth of youth and pleasure. But if we look more narrowly into the matter, we shall find that this very circumstance renders the explication of the case more easy. When the temper is warm and full of vigour, it naturally shoots out more ways than one, and produces inferior passions to counterbalance in some degree its predominant inclinations. It is impossible for a person of that temper, however bent on any pursuit, to be deprived of all sense of shame or all regard to the sentiments of mankind. His friends must have some influence over him; and other considerations are apt to have their weight. All this serves to restrain him within some bounds. But it is no wonder that the avaricious, being from the coldness of his temper without regard to reputation, to friendship, or to pleasure, should be carried so far by his prevailing inclination, and should display his passion in such surprising instances. .

Accordingly we find no vice so irreclaimable as avarice; and though there has scarcely been a moralist or a philosopher, from the beginning of the world to this day, who has not levelled a stroke at it, we hardly find a single instance of any person's being cured of it. For this reason I am more apt to approve of those who attack it with wit and humour than of those who treat it in a serious manner. There being so little hope of doing good to the people infected with this vice, I would have the rest of mankind at least diverted by our manner of exposing it; as indeed there is no kind of diversion, of which they are so willing to partake."

